

Weekly Economic Review

Alberta industries post vibrant growth

Real GDP by Industry

Alberta still among fastest growing provinces in 2013

Propelled by broad-based gains, real gross domestic product (GDP) by industry in Alberta grew 3.9% in 2013 (Chart 1), which was third-fastest among the provinces and almost twice as fast as the national average (2.0%). This marked the fourth consecutive year that Alberta posted an annual growth rate over 3%. Only Newfoundland (7.9%) and Saskatchewan (4.8%) posted stronger growth than Alberta.

Continued expansion in the oil & gas extraction industry (3.9%) once again played a key role last year; meanwhile, thanks to a bumper crop, agriculture (18.1%) had the sharpest gain among the industries. Construction (7.0%), and retail trade (5.1%) also drove the provincial increase. Alberta's manufacturing sector increased by a tepid 1.1% as gains in chemical and wood products were partly dragged down by falling primary and fabricated metal products (Chart 2).

Rigs Drilling

Rig count bounces back

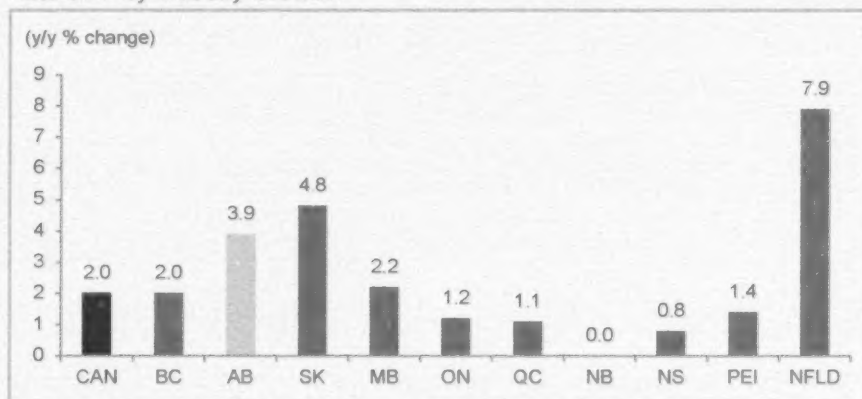
The average number of rigs in Alberta was 143 in April, the highest April count since 2006, and 23.9% above the same month last year. Drilling remains up 0.8% year-to-date, with the large gains in April offsetting drops through February and March. Rig utilization fell to 25%, down from near 50% last month, though this is high for this time of year. Nationally, rig activity increased 25.8% over April 2013.

Rail Transportation

Potash weighs on rail shipments

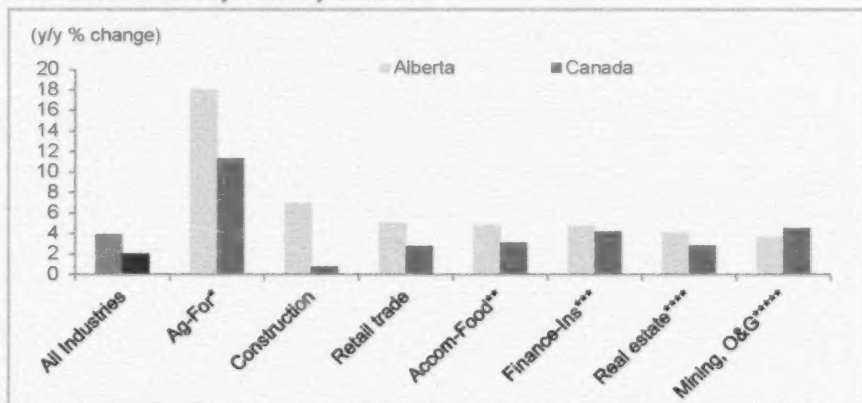
Total rail carloadings in western Canadian shifted slightly lower in February, down 9.5% y/y to 127,000 cars. The dip in total carloadings was partially caused by

Chart 1: Alberta remains among Canada's GDP growth leaders
Real GDP by Industry Growth



Source: Statistics Canada

Chart 2: Agriculture and construction post strongest gains
Alberta Real GDP by Industry Growth



Source: Statistics Canada

* Agriculture, forestry, fishing and hunting ** Accommodation and food services
*** Finance and Insurance **** Real estate and rental and leasing
***** Mining, quarrying, and oil and gas extraction

weaker potash movements (-25.4% y/y), which originate in Saskatchewan. Lumber and canola also contributed to the decrease, though they represent a fairly small segment of total carloadings. Movement of wheat picked up through February (+10.0%), partially offsetting a January dip. Shipments of crude products by rail continue to rally, up 40.2% from February 2012, while continuing a more than two-year trend of double digit growth.

Average Weekly Earnings

Earnings growth moderates

Average weekly earnings (AWE) came in at \$1,128 in February, a respectable 3.1% increase over the same month last year, but a moderation from the more than 4% gains posted in the previous three months. Growth in February was propelled

by the goods-producing sector with a solid 5.1% year-over-year expansion (Chart 3). Within the goods sector, AWE growth was due to a 25.8% y/y spike in the utilities sector, which more than offset the 9.5% y/y decline in forestry and logging. On a national level, earnings rose slightly to \$924.83 in February 2014, an increase of 2.3% y/y, led by gains in Manitoba, and Nova Scotia.

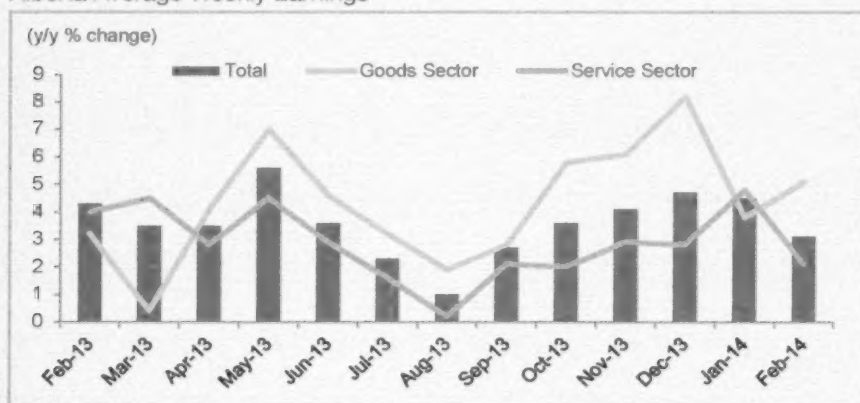
US Real GDP

US growth slows to a crawl

US real GDP growth slowed to an annualized rate of 0.1% in the first quarter of 2014, down from 2.6% in the previous quarter and the slowest rate of growth since the fourth quarter of 2012. Exports and business non-residential investment were largely responsible for the deceleration as both were major contributors to growth in the fourth quarter of 2013, but declined in the first quarter. Large inventory withdrawals knocked an additional 0.6 percentage points off first quarter real GDP growth. Abnormally cold weather in the first quarter is likely responsible for some of the weakness (Chart 4).

Chart 3: Goods sector drives earnings growth

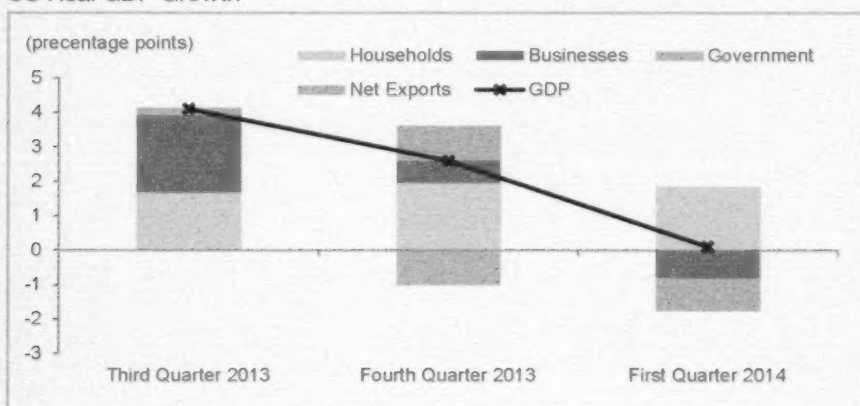
Alberta Average Weekly Earnings



Source: Statistics Canada

Chart 4: US economic expansion pauses in first quarter

US Real GDP Growth



Source: Bureau of Economic Analysis

US Employment

Job growth surges

The US added 288,000 jobs in April, the largest monthly job gain in over two years and well above the 190,000 monthly average over the prior twelve months. The unemployment rate, which is based on a different survey, declined by 0.4 percentage points to 6.3%, the lowest unemployment rate since September 2008. This decline, however, occurred because people left the labour force leading the labour force participation rate to also fall by 0.4 percentage points to a 35-year low of 62.8%.

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Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.